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Rouble zone: to be or not to be?

Who rocks the boat?



What is "the rouble zone", how is it intended to function, and what were the reactions on currency markets to its announcement? This is the subject of analysis by **Alexander BURDA**

The Belarusian currency market condition in April can be described as relatively stable. Negative consequences of the treaty on monetary union between Belarus and Russia did not show until mid-April.

The first consequences of the treaty

This treaty was signed on April 12 in Moscow. Its main provisions are:

- lifting customs restrictions between the two countries starting May 1 which will result in a price drop of the Russian oil in Belarus by \$40 per ton;

- agreement on a "rabbit"-rouble exchange rate which will be effective approximately in July-August 1994;
- a RUR 200 bln (\$115 mln) credit to be extended by Russia in the first half of 1994 for balancing the Belarusian payment balance.

The currency market initially ignored the treaty as there had been too many empty declarations on this account over the past 6 months. However, the consequences of new reality felt by the Belarusian business communities started to shape and gain momentum starting April 15-20.

First of all, it affected hard currency exchange rates at the tenders held by the Interbank Currency Exchange: the rates gradually went down by 3.6%. On April 12 the dollar traded at 19,500 "rabbits". However, it was BRB 18,800 by April 28. The drop was not induced by hard currency intervention on the part of the National Bank as was previously the case. The reason was firm intentions of the National Bank to pass the buck of the Russian credit at the Interbank Currency Exchange. Taking into consideration the fact that a monthly exchange turnover is 3-4 times less than the expected credit which is going to be granted in May-June, it becomes clear why the Currency Exchange has responded to a drop in rates. Likewise, other currencies have fallen too. From April 12 to April 28 the DM has slid from BRB 11,920 down to BRB 11,030 and the RUR - 11.40 and 10.35 (by 9.2%).

However it is not worthwhile exaggerating "a drop

depth" of hard currencies. The falling tendency is likely to be replaced by the opposite one in the near future. New factors are coming to the fore.

Exchange rate undermines the "rabbit" renown

The major factor is an established "rabbit"-to-rouble exchange rate. It is to be defined as medium between the tenders exchange rate (10-11:1) and the rate set by a purchasing power comparison of the two currencies (3-3.5:1). Thus according to different expert assessments the exchange rate is expected to be 5-7 Belarusian roubles for 1 Russian rouble. In other words, the Belarusian money will be revaluated by 1.5-2 times.

What will the revaluation lead to? Commercial banks were the first to realise that: it is not profitable now to take a credit in "rabbits". At the moment a BRB 5 bln credit equals RUR 500 mln (according to the official rate 10:1). However, it has to be repaid in 3-6 months and reunification will probably take place by that time. Then it will be recalculated at the rate 5:1 or 7:1. In this way the credit without interest rates will amount to RUR 700-1,000 bln. Thus the original credit is to be increased by 1.5-2 times.

Under such circumstances hard currency credits are the only way out. These credits are not dependent on illiterate action carried out by our politicians. Hence it appears that hard currency cash is in high demand for the commercial banks. They really went on "hunting hard currency" starting April 20-22. Every day the cash dollar increased by BRB 500-700 and totalled BRB 15,500-16,000 by the end of the month. It is noteworthy that the difference between the clearing and the cash dollar is, as a rule, 25-30% in Belarus. It went down to 15-17% by late April. It is hard to say for how long it is going to last. In any event, Russia which Belarus seems to join with a single currency has the same clearing and the cash rate. The same goes for the rest of the world.

Please see, *Banking laws revamped* page 6



The traditional procession on the first day of Easter in Novogrudok, Grodno region.

World after Chernobyl

By Evgeny SHIROKOV

On April 19-21 Minsk saw the Second International Congress "The World after Chernobyl" held by "To the Children of Chernobyl" charitable fund which is headed by Mr. Grushevoy, People's Deputy of the Republic of Belarus.

The Congress was attended by delegations from Germany, Italy, Austria, the United States, the Czech Republic and Japan. Two workshops were set up: "Chernobyl medical problems" and "Chernobyl nuclear power and the future of the world". A lot has been said about the medical problems caused by the Chernobyl disaster. However, none of us seems to be aware of the power future of Belarus. The potential of alternative power sources in this country is estimated at 16-20 mln tons of conditional fuel which is approximately half the expenditure of fuel used in 1993. Nevertheless, environmentally friendly energy is not inexpensive in comparison with traditional sources.

Please see, *Congress identifies problems* page 5

"Rabbit", rouble and "Jolly Rodger"



The signing of the treaty on monetary union is primarily a political development - such is the opinion of **Yuri DRAKOKHRUST**. Here he attempts to forecast some of its possible impacts

Negotiations on monetary unification between Belarus and Russia always raised fiery debates. The signing of the treaty on April 12 only amplified the heated discussions. On top of all the circumstances this momentous event introduced one contradictory thing. The official papers signed in Moscow run counter the Constitution of Belarus (effective March 30). On the other hand, the political forces of Belarus which advocate integration have again come to speak of confederation as the next reunification stage. Their posture has been precipitated by both the signed treaty and a collision with the Constitution. If it comes to change something then they'd better change the whole thing. The strike around the reunification is intensified by the presidential elections which are well under way. Personal attitude

towards the monetary union has become an original litmus paper to detect a position taken by each candidate. It is a fact of domestic politics rather than international relations.

Under the Constitution of Belarus the National Bank is the only emission centre. It pursues credit and monetary policy and oversees the banks. Alternatively the current treaty envisages that the Central Bank of Russia will be doing this business. In his TV interview on the Ostankino channel Victor Chernomyrdin was quoted as saying: "There will be one bank - Russian bank". However, Stanislav Bogdankevich, chairman of the National Bank of Belarus, did not subscribe to this and signed the treaty with a reference note to the article concerning the Bank. When newsmen asked Vyacheslav Kebich for his assessment of Bog-

dankevich's stance, he said: "He was afraid to violate the Constitution". Hence it follows that the Premier himself signed the treaty in full and was not afraid to violate the basic law. "I have made my choice and do not regret. This is the choice of my life".

Generally speaking, Vyacheslav Kebich is undoubtedly an incorrigible romantic in his heart. With his nature he should be a buccaner navigating the sea under The Jolly Rodger with his company. To crown it all, this company is all set. Anyhow, Kebich managed to become a Premier without going to sea. So he is just languishing in the office. Now and then he would take away hard currency earnings from merchants, i.e. entrepreneurs by a purely piratical decision or would sign a treaty which is slightly in contradiction to the Constitution. But, anyway, all this is still far from being called romance.

But let us go back to the monetary union. In the offing of the elections Kebich cannot and doesn't want to renounce his staunch reunification position and play independence up. Firstly, it is the choice of his life and, secondly, this will cause a loss of both the electorate and the political posture. With such

developments Kebich's close associates will definitely gang up on him. There are only two possible ways out: to change either the Constitution or the treaty. When the Premier returned from Moscow he was in the mood for the first option. Kebich intended to urge the Supreme Soviet to redress the Constitution. If the Parliament stone-walled he would put this issue up for the referendum. The pro-communist People's Movement of Belarus underpinned Kebich. While evaluating the signed treaty Sergei Gaidukevich, the leader of the People's Movement, expressed his idea in a very elegant way. According to his remarks, there is some lack of correspondence between the Constitution and the articles of the treaty. It was definitely a reckless thing for the elected representatives of the people to accept the provisions of the basic law without thinking that they can contradict the papers which would be signed by the Premier in the future. The People's Movement of Belarus will be pressing the Parliament for a status change of the National Bank.

Please see, *Unification? Not before elections* page 2

Extremely hostile entrepreneurial climate



Sociologist **Galina DRAKOKHRUST** and economist **Igor PELIPAS** inform readers about conditions for business development in Belarus and the latest changes in the business climate



A chart following the article shows a general assessment of entrepreneurial climate. As can be seen, the majority of respondent entrepreneurs (83.8%) consider it unfavourable. According to the opinion shared by the experts, the situation has worsened since 1992.

The Belarusian experts' future development forecasts are also less than optimistic. 68.8% of the respondents believe that the social and economic situation in the country will worsen in the years to come. 17.2% of the entrepreneurs surveyed tend to think that the situation is not likely to change. 13.2% still hope for the better.

On whom do the entrepreneurs pin their hopes to wriggle out the economic crisis in Belarus? First and foremost, they are entrepreneurs themselves and their foreign counterparts as per 66.7% and 69.4% of the respondents respectively. The state power structures enjoy a much lower rating. 20.8% of the entrepreneurs repose their hopes on the Government whereas 7.6% stand up for the Supreme Soviet.

However, the Belarusian entrepreneurs by no means play up foreign investors' in the country. According to estimates of 67.4% of the respondents, this interest is low. 19.4% and 7.6% respectively reckon that the interest of foreign businessmen in investing money in the Belarusian economy can be rated as average and high. Apropos of this 5.6% have difficulty in giving any comments.

One peculiar fact should be noted here: 32.6% of the respondent businessmen opine that foreigners should not be entitled to own land in this country. Taking into account

the opinion shared by 78.2% of the Belarusian population (the findings provided by the IISEPS which carried out a public opinion poll in late 1993) it is possible to conclude that the population at large and the bulk of entrepreneurs feel apprehensive about granting foreign investors a vast vault of opportunities in this country.

The present activities of state power structures evidently do not facilitate the expansion of foreign businesses in Belarus. Almost 85% of the experts hold that Belarus has quite a lot of restrictions which baulk the flow of foreign commodities and services. Furthermore, 93% of the respondents indicate that there are high barriers for foreign investments in this country. Over 85% of the entrepreneurs approached with survey questions assume that the Belarusian Government has failed to draw as many foreign investors as possible.

It should be borne in mind that approximately 65% of the respondents point out that the infrastructure does not meet business requirements. This factor leads us to conclude that Belarus has quiet difficult conditions for enterprise development. Things may definitely take a turn for the better. It is worth noting that according to the opinion shared by the majority of respondent businessmen, it will take more than 10 years for Belarus to draw nearer the industrialized countries.

This report has been filed within the framework of a project carried out by the Independent Institute for Socio-Economic and Political Studies (IISEPS) in conjunction with the Centre for International Private Enterprise (CIPE), USA. The current report is based on an expert survey which encompasses 144 Belarusian entrepreneurs.

Business environment in Belarus

(in percentage of answers provided)

	1992	1993
Favourable	20.9%	16.2%
Unfavourable	79.1%	83.8%

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A three-walled house

Residential property and offices

This real estate property sector is interesting in that it has seen few changes of late in its current trends. It is all the more interesting because of its potential possibilities which are starting to form and are likely to fully emerge by the year's end.

I mean first of all the rapidly increasing house supply. This includes houses built to sell as well as those for wholesale, i.e. flats, staircases, floors, sections or edifices in full.

The supply of offices built by private companies is also on the rise. However, offices are not only leased as was the case before. One can now purchase freehold office premises. The price of such transactions is quite high.

Large apartments on the ground floor are still in quite high demand. As a rule, they are used as office space.

A new kind of transaction is coming to the fore. A whole building including an administrative or trade ground floor alongside a large number of flats with improved lay-out are put on a sale list. The price of such buildings appears to be quite acceptable: \$ 500 per square metre.

As far as dynamics in housing prices are concerned following a slight increase by the summertime they should stabilised for a couple of months to gradually go up by the end of the year. I do not think this growth will leave the index of hard currency inflation far behind. Obviously, it will be even lower by the year's end, i.e. 30-40%.

With such developments, suburban cottages may become cheaper. One of the reasons is that supply has been lagging behind demand in past two years. As a result, the prices remained above the limit. Now demand has been enhanced and the spiralled rates precipitated by short supply have melted away.

Unexpected running costs (especially heating) and transport difficulties can be attributed to another reason. Construction projects in any repair are offered for sale. The price of complete cottages has dwindled by 5-10% and this trend looks set to continue.

Trade and warehouse premises

Presently, stores and commercial kiosk sites, not to mention offices, enjoy the highest demand. This arrangement seems to be quite reasonable: demand begets prompt profits. That is why prices have doubled from the outset of 1994 continue to rise. However, supply, especially in connection with privatization which is gaining momentum, is quite high. This may likely lead to price stabilisation in June-July.

Similar stabilisation has already embraced warehousing facilities. It is easier now to lease a warehouse than, for instance, one year ago. Good access approaches, location, availability of alarm systems, heating, etc. are the factors which at times have a greater impact on the liquidity and commodity prices than the warehouse volume itself.

Rental

After the "Methodical Recommendations on Maximum Rental Rates" had restricted the prices of leased premises, many rent deals turned half-criminal. This always happens when the government attempt to substitute an administrative mechanism for a market one. The result is official rental payment which does not exceed a legal one, with additional payments made under the table.

Auction privatisation

Privatisation auctions granting the investor maxi-



Mr. **Nikolai TRIFONOV** is Vice-president of the Western Real Estate Property Exchange and President of the Real Estate Guild of the RB. The editorial board has asked him to analyse the condition of the real-estate market for MEN.

mum guarantees are held in different towns across the country nearly once a month. Every private individual and legal entity (including foreigners) is entitled to participate. Basically, this is municipal property which is put on sale or lease. These are stores, offices, warehouses and sometimes larger facilities. For example, one might encounter a covered market in Novopolotsk or cantonments, including environmentally friendly regions and incomplete industrial premises. Many people truly judge that the time is ripe to participate in the auctions. If organisers truly intend to sell a facility then the prices will be acceptable.

In the towns where mayors have serious intentions to increase the municipal budget and sell previously publicly owned property at a relatively objective price, auctions are held one after another. In most towns plots of land, houses, stores, etc. which are on a sale list may alter ownership rights even without public haggle. One can only guess how many times the price paid is lower than the real one and how the prices of any few facilities put up at the auction are going up.

"Lame ducks" in futures

A dramatic shortage of goods forces market entities put incomplete construction projects under the gavel.

According to the analysis, some companies pledge them-

selves to commission a complete construction project and receive money from the investors. However, there are but a few companies which do not renege on their promises. The reason is not swindling but a frantic inflation and unbelievable construction organising difficulties which hinder working procedures and consume both time and investments.

According to our findings, some companies are ready to conclude futures contracts. Against the backdrop of current inflation rates the futures are indicative of the desire to sell a product at a high price by hook or by crook rather than the civilised structure of domestic real estate market. "Lame ducks" would usually qualify for such a product and therefore, futures contracts serve as a objective acknowledgment of almost equal risks taken by the shop-assistant and the customer alike.

Optional resume

To-date our real estate market resembles a house that has only three walls: an endless quantity of goods which are in huge demand and a small number of professional specialists working in this market. This building will inevitably tumble down unless a new foundation is laid: a legislative base. It also requires a fourth wall which is real privatization of the state property with active support coming from the state institutions.

Unification? Not before elections

Continued from page 1

Otherwise, the referendum on confederation with Russia is initiated. Incidentally, while speaking about the negotiations Kebich mentioned that the Russians were ready to withdraw their requirements provided the Belarusian side agreed on confederation.

However a Constitution change option has some bottlenecks. Firstly, it is the time. Under the Constitution amendments can be introduced by the qualified majority of 2/3 of deputy votes. Then the voting is held again in a 3-month time at the earliest. However, the presidential elections are scheduled for June 23. Secondly, it is of fences. We can stand rude hints dropped by President Kravchuk and President Karimov who allege that the Belarusians have sold their independence. They do it because they are jealous and, therefore, would love to go for it themselves. The opposition representatives approached the Procurator-General with a request to institute legal proceedings against the Premier for violating the Constitution. In their address the members of opposition allude to article and of the basic law which bans any international agreements running counter the Constitution. So in their opinion, the breach has already taken place. However, the situation is not that hopeless. Here as the cadre

finally takes the decision and the cadre of the Office of Public Prosecutor is well experienced and of proved worth. Anyway, it hurts.

And, thirdly, the position of Mechaslav Gryb, Chairman of the Supreme Soviet and the Parliament, is very critical. Gryb has said openly that any changes of the new Constitution will be intolerable. He has also come out in opposition to holding both the presidential elections and referendum which is likely to confuse the people. Gryb is not the opposition. He was elected by the majority which had overthrown Shushkevich. So Kebich should not be apprehensive of Gryb himself but the parliamentary majority and ruling elite whose aspirations he comes to express. It is doubtful whether the speaker is driven by the hurt-feelings for the Constitution signed by his own hand.

Of course, Kebich can run risks and most likely he will have to do so. But to start with, the Premier decided to try the second option: to attempt to alter the treaty. At the Moscow summit meeting on April 15 Kebich and Gryb were seeking to persuade President Yeltsin to grant concessions and adopt the wording of a notorious treaty clause that would be in no contradiction to the Belarusian Constitution.

The Russian Government seems to be in a dilemma. Suppose, it will meet Minsk

wishes half-way and introduce formal corrections to the article in question. Then Kebich will surely secure a landslide victory and, therefore, Belarus and Russia will obtain the predicted president. What can be foreseen with such events unravelling? That is another issue. However, a formal amendment can grow into an informal one. At the moment, inflation exceeds 50% in Belarus and runs up to 10% in Russia. In case the Belarusians are allowed to print the Russian money then Minsk is not likely to overcome the temptation of printing extra bills. In any event, Russia does not relish the idea of having the situation of early 1992 again.

On the other hand, Russia can stand its position. None of the Russians considers the reunification a choice of his life. An economic situation makes it possible to wait. According to the reliable sources, at the negotiations of April 12 Victor Chernomyrdin said firmly: an actual reunification will not happen under any circumstances until the presidential elections in Belarus.

Kebich hopes that the Russian politicians will try to avoid risks. He also pins high hopes on personal relations. After the Moscow summit meeting the Premier noted philosophically: "There is nothing absolut now but the 'Absolut' vodka". He also said that there would be no

need to ratify the treaty provided it was adjusted to the Constitution. The Parliament voiced it unanimous consent for the reunification as long as last year. Thus, as per Kebich there will be but routine work to acter the laws on taxes, duties and payment for land.

The events have been unfolding according to the scenario drawn by the Premier. At the session which opened on April 27 the Parliament adopted quite an exotic agenda. It overrode the suggestion put forward by the opposition to discuss the monetary union treaty and, in particular, the legality of signing procedure. At the same time a decision was made to introduce some alterations required by the treaty into the legislation. A couple of articles concerning the pattern of trade policy and the Russian troops stationed in Belarus must take effect starting May 1. In this respect, the Parliament is doing its best to meet the Government half-way. As far as the treaty and the Government's signature are concerned, the Supreme Soviet is ready again to wait and see if the Premier succeeds in coersing the Russians to preserve the Belarussian bank and leave the Constitution as it is.

The problem hasn't been settled but it is postponed. On May 17 the Parliament is due to start its next session.

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Freefall gathers pace but life goes on

The financial condition of enterprises and organisations in Minsk worsened in the first quarter of 1994. Debts have increased and large quantities of unsold products have piled up. Devastating inflation has brought about a considerable slump in nearly all industries.

The main results of companies' activities in January - March 1994 can be characterised by the following data:

Industry

In January - March 1994 the industrial output decreased by 28.7%. All the city districts saw a drop in production: Zavodskoy district - 41.8%, Partizansky district - 35.5%, Central district - 32.2%.

The vehicle spring factory, the fabric factory, the mirror and leather works were all shut during this period. The volume of the enterprises of the State Industry Committee has gone down by 38%.

Engineering production has also declined. In comparison with January - March 1993 the automobile production has fallen by 42.2%, bearings - 49.2%, power transformers - 43.3%, tractors - 46.4%, metal-cutting mills - 66.6%, metal-treating instruments - 72%.

Power production has amounted to 2,201 mln kW and has gone down by 1.2% as

opposed to January - March 1993 and heating power - by 8.3%.

A production slump has struck 102 companies (61.8% of the total). In fact they had shortfalls of BRB 1,473.4 bln worth of products.

The main reason for the drastic decline in production is the high price of material inputs and other production factors which make goods virtually unsalable. As of April 1, 1994 the left-overs of finished products at the warehouse are valued at BRB 1,034 bln. The current situation with high prices of fuel and energy resources as well as imported raw materials practically makes all companies work at a loss.

Major construction work

Companies and organisations of all types of ownership have employed BRB 335 bln of capital investments over the first quarter 1994. BRB 229 bln or 68% of the total capital investments has

been spent on instalment and mounting work. Housing starts worth BRB 54 bln or 7% of the yearly planned volume were registered. In comparison with last year, the volume of capital investments has been reduced by 9%, whereas the instalment and mounting work has fallen by 19%.

Over BRB 131 bln of capital investment or 39% of the total volume has been used for production facilities. 30% of this amount or BRB 34 bln has been allocated to reconstruction and retooling of the operating companies.

BRB 204 bln of capital investments has been used for non-production facilities. More than a half (58%) went to housing, 19% - municipal housing, 9% - public education facilities, 6% - healthcare, physical fitness and social welfare facilities. This year 253,574 sq.m of housing space are planned to be commissioned through all the financing sources.

902 flats with an area of 53,501 sq.m have virtually been completed. This makes 21% of the plan or 51% as opposed to the last year. A real price of 1 sq.m of new housing is on the average BRB 486,000.

Housing fund privatization

In January - March 1994 city residents privatized 15,000 flats with a total area of 770,000 sq.m in the houses

belonging to the state and public housing fund. The estimated value of appropriated flats made up BRB 342.6 mln. BRB 112.9 mln or 33% of this amount was reimbursed by the housing quote whereas BRB 157.1 mln or 45.9% was paid by private citizens to reimburse a flat value. Almost 2,700 flats (16.7%) went private while providing residents with privileges in the amount of BRB 65.2 mln. On the whole, residents have privatised some 64,200 flats since the law on housing fund privatisation was introduced.

The estimated value of one flat in town was on the average BRB 13,800 last year. However, it has made up BRB 21,400 in the recent 3 months.

Relations with foreign companies and other regions

In January - March 1994 city companies shipped upwards of BRB 350 bln worth of goods for export. Hard currency shipments ran up BRB 71.3 bln or 20.3% of the total.

The export shipments were made up of equipment and machinery (87.9%), consumer goods (10.3%) and raw materials (1.8%).

3,343 tractors, 24,079 refrigerators, 2,145.7 watches, 3,929 motorcycles, 1,600 bicycles and 1,608 TV sets have been exported.

Additionally, city companies took more than 4,000 automobiles (75% - barter deals), 8,084 tractors (22% - barter deals), 166,500 refrigerators (15% - barter

deals) and 67,538 TV sets (58% - barter deals) to the CIS countries.

Consumer market and services

The status of the consumer market is mainly determined by the condition of consumer goods production. In January - March 1994 BRB 1,087.4 bln worth of consumer goods were manufactured. That was BRB 505.5 bln or 31.7% less than in January - March 1993 (March saw a 30% drop).

Non-food products (light industry excluded) were manufactured, in the amount of BRB 527 bln or 31.3% less than the last year level. For some commodities a drop is estimated at 50-60% including TV sets - 55.2%, motobikes - 65%, bicycles - 53.5% and radio appliances - 55%.

The refrigerator production has increased by 20,765 (13.5%), electric coffee-makers - 1,000 (33.3%), electric meat-grinders - 1,032 (3.7%), furniture - BRB 973 mln (3.6%) as opposed to January - March 1993.

Light industry is still showing a trend of falling production rates. In January - March 1994 the production decreased by BRB 97 bln or 40.9% (including 47.8% for March).

The production of staple foodstuffs went down by 38.3% and made up BRB 286.6 bln in the first quarter. Owing to cuts in cattle deliveries, hiking prices and a reduction of trade requests, meat production fell off by 3,086

tonnes (33.2%) and sausage products - 5,919 tonnes (53.8%) as opposed to January - March last year. The production of bakery products dwindled by 6.8%, margarine products - 37.5% whereas the production of wholemilk products increased by 16,562 tonnes (23.4%).

Activities of market structures

Minsk has 19,267 registered small businesses as of the end of 1993. 52% comprise companies with limited liabilities, 42% - small companies and 6% - cooperatives.

25% of the enterprises, companies and cooperatives submitted annual reports for 1993. The analysis of obtained data shows that a third of workers are employed in trade and public catering, whereas 24% are engaged in construction and 23% in industry.

Social statistics

2,451 babies were born in January - February 1994, i.e. 14.8% less than during the same period last year. The mortality rate of 2,280 was the same as last year.

The population is still decreasing. The value of this factor for January - February 1994 went down 3.5-fold versus January - February 1993.

According to the registration data, the population of Minsk was 1,694,500 as of March 1, 1994.

Minsk economy in January - March 1994

	January-March 1994	Including March	January-March 1994 vs January-March 1993 (%)	March 1994 vs March 1993 (%)
Industrial output, mln BRB				
- in acting prices	3802918	1626131	in 14.2 times	in 13.1 times
- in comparing prices	3449969	1290948	71.3	75.4
Consumer goods production, mln BRB				
Including: - foodstuffs	286593	110461	61.7	64.7
- non-edibles	667057	273226	66.4	67.8
- including light industry products	140096	45357	59.1	52.4
- alcoholic beverages	133737	50886	107.8	110.5
Cargo haulage, mln ton	5.1	1.9	53.4	54.0
Passenger transportation, mln people	127.7	42.6	91.2	90.0
Capital investments, mln BRB				
- in real prices	334776	195345	in 17.5 times	in 15.2 times
Including instalment and mounting work				
- in real prices	228528	118741	in 16.7 times	in 13.8 times
- in comparing prices	11094	5878	81.0	68.2
New housing: - thousand sq.m of total area	53.5	53.5	51.0	53.4
Paid services rendered to population, mln BRB	249812	262277	in 13.8 times	in 13.1 times
Consumer price index				
- in real prices	913255	415452	in 17.7 times	in 18.1 times
- in comparing prices	30650	15456	59.5	67.3

Science and technology

By Rafail IGUESMAN

We are compelled to launch such a rubric in our paper for the following reasons:

- Firstly, there is not a single popular scientific and industrial magazine in Belarus;

- Secondly, although the National Patenting Bureau has been set lately, there is no official Gazette or Bulletin highlighting new inventions;

- And finally, an inquisitive foreigner has no chance to learn and see the technological inventions, samples, know-how, etc.

This time round we have decided to focus on some new technological developments in the coatings industry.

a) Refractory metal silicide-based coatings, deposited

by means of vacuum electric arc evaporation of cathodes made from alloys: refractory metal-silicon. Evaporation of such cathodes in nitrogen ambient results in synthesis of hard coatings, which, being used in cutting tools for nickel-based superalloys, increase the durability thereof twofold. Zirconium dioxide-based coatings can be utilised both as thermal barriers and as corrosion-proof ones. By varying cathodes we can have coating of the types Al-Si, Al-Si-B, Ti-Si-B, Al-Si-O-Ni, Ni-Al, etc. which can be utilised in various operational cases to improve protection properties of the basic metal part.

b) A multi-purpose mag-

netrone spraying system for providing high-quality and durable coatings over metals, plastics, ceramics, glass, and other surfaces has been designed. The machine is self-powered and can be used as additional source of spray in any electron-beam coating deposition system with vacuum cameras of 100-150 cub. dm of volume. Parameter stability of the magnetron spraying system and, as a result thereof, superb quality of coatings are guaranteed by the stabilised power unit. The system in question may additionally serve as a glow discharge source for surface pre-heating before coating.

For further information on the items highlighted in this section, telephone the article's author at (0172) 45-51-32.



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GET TO KNOW THE REAL MEANING

Chernobyl is still a bitter reality

The "To the Children of Chernobyl" Belarusian charitable fund was one of the organisers of the recently held congress "The World after Chernobyl". Our correspondent put the following questions to the chairman of the fund, Mr Gennady GRUSHEVOY



Your charity is widely perceived as a somewhat political organization. Why?

The theme of Chernobyl came about five years ago when the Belarusian Popular Front was emerging as the political opposition. The 'Children of Chernobyl' started as a part of it. The opposition led a number of large-scale campaigns, such as 'The Way of Chernobyl', 'The Popular Tribunal'. The government constantly preventing us from telling the truth about the Chernobyl disaster. We were harassed for trying to make those people answerable for their policies.

What can you list among the achievements of the Congress?

We have had an open and straightforward discussion of the five year long international cooperation in dealing with the effects of Chernobyl. We have pinpointed its best lines and decided to give up those which cultivate passivity and excessive reliance on foreign aid among the people and do not encourage them to make their own effort.

How likely is an organisation like yours to have a rapport with the state authorities?

State officials are overly sensitive to challenge from public organisations. Sometimes they are grotesquely bossy. For example, to take a child on a recovery trip abroad we need permission from the Ministries of Education and Health.

Do you get any support from business?

Unfortunately, no. Belarus is shaken by innumerable song festivals

lavishly sponsored by business. I do not judge. But the effects of Chernobyl are still there. Eight years after the disaster, they are still a bitter reality of our time. The Second International Congress 'The World after Chernobyl' has once again reminded society about it and called on everyone to be generous and thoughtful.

Belarus is going through an energy crisis. The Government is considering building nuclear stations in the republic. Has this issue been raised at the Congress?

We have tried compile and give our ideas of overcoming energy shortages without resorting to nuclear power. Our calculations have proved that it is possible for Belarus to cover its demand for electricity from non-traditional sources.

As a member of the parliamentary opposition what do you make of the presidential elections due on June 23?

Every candidate will undoubtedly in this or that way prioritise the need to cope with the aftermaths of the Chernobyl disaster. After the break-up of the Soviet Union, Chernobyl has been eating up 15% of Belarus' annual budget. This by far exceeds the total amount spent on education, medical care and culture. The fact that the agreements on further integration with Russia do not have anything on Chernobyl is at best strange, given that Russia has declared itself to be the legal successor of the Soviet Union. I'm afraid when electing the President the people will have to choose between the bad and the worse.

Congress identifies problems

By Evgeny SHIROKOV

Continued from page 1

Official projects on the construction of atomic power stations in nuclear-free Belarus as it is articulated in the Constitution really make everybody feel at a loss. With current economic conditions even the authors of these projects do not believe in the feasibility of their plans.

Industrialised countries earmark upwards of 80% of power investments for the development of alternative power supplies. The financial resources of Belarus will stretch as far as planned maintenance of power stations. Thus, alternative power-engineering proceeds due to the efforts exerted by enthusiasts.

At the plenary meeting of April 21, 1994 the participants of the Congress summarised the experience of bringing humanitarian aid to Belarus. In particular, they focused on the aid rendered to the population suffering from the impact of Chernobyl radiation and a psychological shock brought about, mainly, by the

stance of local authorities.

Humanitarian assistance can also give rise to a lot of psychological problems. According to Jos Vanhee, a consultant of "World Vision" international Christian humanitarian organization in Belarus, every child is prone to psychological stress as soon as he comes back from a foreign country where he has had a medical course to improve his health.

The plenary meeting was concluded with a speech by Ms. Katsumi Furitsu, a doctor from Japan. She said that real radionuclide pollution spewed into the atmosphere by Chernobyl reactor No. 4 is from four to five times higher than the officially announced level. The incidence of children's thyroid gland cancer has risen by 50 times. Leukemia and immunodeficiency are also on the rise. It was mentioned once again that UMER-type reactors should be shut down immediately and that all types of nuclear reactors must be stopped.

Do we really need humanitarian aid?

At the request of "To the Children of Chernobyl" Belarusian charitable fund "Public Opinion" Belarusian sociological service has carried out a public survey of the residents suffering from the Chernobyl disaster. Over 700 people from 16 administrative regions were asked the following questions.

What is your attitude towards international humanitarian actions for the population?

- Positive - 57.6%
- Negative - 19.1%
- Neutral - 16.0%
- Hesitant - 8.2%

What kind of humanitarian assistance do you treat as most important for your family?

- Medicines, vitamins - 56.6%
- Baby food, baby formula - 24.1%
- Items of prime necessity - 14.8%
- Health improvement foreign courses for children - 66.8%
- Money - 14.0%
- Others - 2.8%

While supporting international humanitarian aid to Chernobyl victims would you like:

- To be just a passive recipient - 16.7%
- To assist in these activities as much as you can - 51.5%
- To become an active member of humanitarian cooperation public organization - 14.3%
- To found an organization in conjunction with friends and acquaintances to implement humanitarian activities independently - 16.0%
- Hesitant - 1.8%

Faces and images



By Roman YAKOVLEVSKY

On June 23 Belarus will get its first taste of presidential elections. For over five years now the Belarusian Popular Front has been heading the opposition to Belarus' current government under the unchallenged leadership of Zenon Pozniak.

Zenon Pozniak was born on April 24, 1944 in the village of Soubotniki, Grodno province, to a peasant family. In that same year he lost his father who was a soldier in the Red Army fighting the Nazis. When he finished secondary school he became an art student at the Minsk Institute of Theatre and Art. As a student and articulate advocate of the Belarusian culture he has known the covert surveillance of the Communist Party and the KGB.

Upon successfully completing his university degree he enrolled in a postgraduate programme. However, for political reasons he was prevented from defending his candidate dissertation in Minsk and had to do this in Leningrad. He believes his sacking from the Belarusian Academy of Science was also politically motivated. In 1976 he was taken on as a senior research advisor at the Institute of History. The archaeological research he did there has made him widely famous. In 1988 his paper called the "Road to Kuropaty" came out. It contained reliable archaeological data to support his revelations about the executions carried out on a massive scale in Stalin times in Kuropaty, now a suburb of Minsk. President Clinton visited the site in 1994 during his short stay in Minsk and left a memorial bench - a gift from the American people. In 1988, however, the authorities did their best to prevent Pozniak from organizing a public mourning there. Bats and CS gas were used to disperse the rally. The authorities' violent response provoked massive anti-Communist sentiments of which the "Martyrs of Belarus" was the herald. The newly emerged organisation was committed to commemorating the victims of the communist regime and was led by Zenon Pozniak. At the same time the nationalist movements of young people began to develop. Addressed to by Zenon Pozniak and the "Martyrs of Belarus" at their first congress in Vilnius the move-

ments became the founders of the Belarusian Popular Front. This newcomer to Belarusian politics, however, did not enjoy as much popularity as the similar fronts in the Baltics. Such feeble support, politicians think, may be due to the fact that nationalist sentiments in Belarus are considerably weaker.

The 1990 elections held under the new law which had brought Belarus closer to the world standards of democracy, lead Zenon Pozniak into the Supreme Soviet, where he became the leader of the opposition. The opposition regards as its assets the adoption of the Declaration of Sovereignty and the suspension of the Communist Party following the August coup attempt in Moscow. The Belarusian Popular Front led the campaign for new elections which, as Zenon Pozniak believes, has been muddled up by the shaky policies of ex-speaker Stanislav Shushkevich.

Zenon Pozniak opposes the military and political integration with Russia. 'We want good relations with Russia but at the same time proper borders', says he. He dismisses accusations of beligerent anti-communism and anti-Russian paranoia by professing Christianity. His grandfather, Yanka Pozniak, had been the leader of the Belarusian Christian Democrats in 1930's before he was executed by the Soviet KGB after the reunification with Western Belorussia in 1939.

Many of Pozniak's speeches have been widely discussed outside Belarus. He describes western democracies as in crisis and is committed to striking a fair balance between the rights of an individual and the interests of the nation. He holds Charles De Gaulle as his political father-figure.

Zenon Pozniak is keen on photography and poetry. He likes singing folk songs and travelling and prefers beer to every other alcoholic drink. In love he is true to his sign of the Zodiac, Taurus. Love for personal freedom and independence is the hallmark of his character. As he has admitted in one of his interviews, his mother has been the only woman in the world he ever submitted himself to.



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Banking laws revamped

Continued from page 1

Bank news

Troubles concerning the rouble-zone do not limit April financial news. Some interesting things have occurred in the banking business.

On April 1 The National Bank registered yet another commercial bank: "Privatbank" with an authorised capital of BRB 600 mln. License No. 40 was issued to carry out bank operations.

On April 14 the first ever private bank of Andrei Klimov (authorised capital - BRB 250 mln) was registered. It is interesting that this bank turned out to be the last private bank in Belarus. Shortly after the registration the National Bank introduced changes into the bank law which ban establishing bank structures by less than three legal entities.

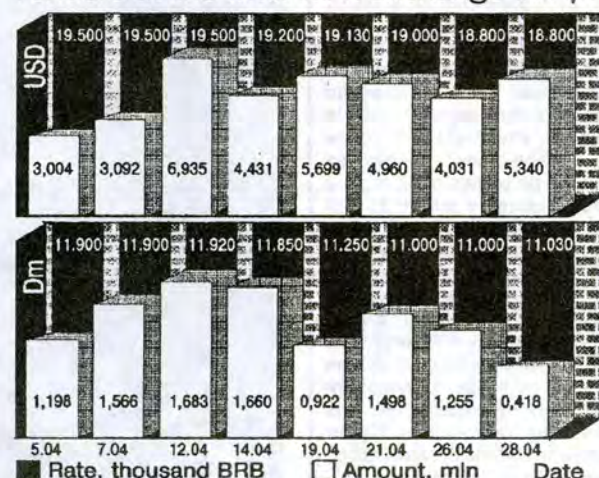
It can be said that new banks managed to get registered. On April 11 the National Bank board set a new minimum authorised capital for

commercial banks: \$500,000 and \$1,000,000 for joint and foreign banks. The share of foreign capital at joint banks usually does not exceeds 40%.

Operating banks received instructions to increase their authorised capitals up to

\$200,000 by July 1, 1995 and \$500,000 by July 1, 1996 according to the rate of the National Bank dated the day on which a stock-holder meeting votes to augmenting the authorised capital.

Tenders at the Interbank Exchange in April



New appointments

The Council of Ministers has appointed Mr. Sergey Ling (a Deputy Chairman of the Council of Ministers) Economics Minister of Belarus.

Sergey Ling graduated from the Belarusian Agricultural Academy. He started his working career as a state farm agronomist. Then he was a chairman of Minsk Region Executive Committee and a chairman of the State Price Committee of the Belarusian Soviet Socialist Republic. Prior to the latest appointment Sergey Ling was a Deputy Chairman of the Council of Ministers, a chairman of the State Economy Planning Committee which has been transformed into the Ministry of economics.

Mr. Vasily Dragovets - director of the information service of the Belarusian Government, a Government secretary.

Vasily Dragovets graduated from the Journalists' Department of the Belarusian State University and

the Economy Planning Department of the Belarusian State Economics University. He also had post-graduate studies in sociology. Vasily Dragovets received his first degree in science. He ran the editor's office of the "Parus" (sail) all-union magazine before he got a position in the Council of Ministers. Prior to the latest appointment, Vasily Dragovets served as a chairman of the defunct Information and Public Relations Department of the Council of Ministers.

Mr. Anatoly Butevich - Minister of Culture and Press of the RB.

Anatoly Butevich graduated from the Philology Department of the Belarusian State University. He worked as a director of the "Mastatskaya Literatura" publishing house, a chairman of the State Committee on Press of the Belarusian Soviet Socialist Republic. Prior to the latest appointment Anatoly Butevich headed the Information

Ministry of the RB.

Mr. Anatoly Dorofeev - Minister of the Natural Resources and environment of the RB.

Anatoly Dorofeev graduated from Vitebsk State Teachers' Training Institute. He received his first degree in science. Anatoly Dorofeev was admitted to the above-mentioned institute in the capacity of a teacher. Later he became a reader, a vice-rector (scientific research area) and then a head of the department. He had been chairman of the State Committee on ecology transformed into the Ministry of Natural Resources and Environment Protection since 1990 up to his new appointment.

Mr. Matyushevsky - First Deputy Minister of State Property and Privatization of the RB.

Mr. Kishko and Mr. Romanovsky - Deputy Ministers of State Property and Privatization of the RB.

Mr. Nikulin - chairman of the National Control and Inspection Agency of the RB to the Defense Ministry.

A new bank called
«MINSK TRANSIT BANK»
 was registered under No. 38
 on the 14 of March in the
 Republic of Belarus.
 It is the first Bank with
 the participation of a foreign
 capital in its statutory fund.

The co-founders of
**"Minsk Transit
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"Poisk", Latvian
**"Baltic Transit
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ACCORDING TO THE STATE CUSTOMS COMMITTEE

it is imperative now to step up activities in order to halt the flow of food illegally taken out of the country.



BRB 45 mln worth of contraband goods, over 11 kg of drugs, 32,000 rounds of ammunition and 528 fire and gas pistols have been confiscated by borderguards at Brest this year.

During the first three months of 1994, customs officers confiscated 650 tonnes of baked goods, 145 tonnes of milk and dairy produce and as well as 15 tonnes of other products. The food-stuffs primarily trickle into Russia where food prices are relatively high.

OVER 2,000 PEOPLE

obtained registered privatisation cheques in Belarus by mid April. 8 mln certificates are still awaiting their holders at savings banks in this country.

APPROXIMATELY 15 OLD-AGED RESIDENTS

of the village of Kladniki, Ivye Region, have purchased coffins for their funerals. One of them confessed that his action was caused by hiking prices and uncertainty in the future. Prior to this the peasant has procured clothes and shoes. Now he is going to order a tombstone at a cooperative.

THE JAPANESE GOVERNMENT

has allocated \$6 mln to the International Federation of the Red Cross. Of this amount \$1.5 mln is assigned for Belarus.

THE ONLY ONE "THIEF IN LAW"

in Belarus until recently, has been arrested in Vitebsk. He was known as "Naum" in the criminal world. However, a Belarusian professional burglar (alias "Schavlik") was crowned arbitrator in Moscow a while ago. As the unwritten Soviet criminal law ordains "The thief in law" is the highest criminal title: a leader or organiser of criminal actions who actually keeps in the background. In other words he is "a judge" in the criminal world.

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

has agreed to extend to Belarus a loan of more than \$50 mln to repair the most critical stretches of the Moscow-Minsk-Warsaw motorway.

A DELEGATION OF THE WORLD BANK

has visited Minsk to supervise a market people rehabilitation programme and public security as well as to get familiarised with labour resources in Belarus.

penses incurred by foreign nationals temporary living in town including those who either permanently reside in the former Soviet Union or have no residency permit.

The registration of foreigners who come to Minsk on a private visa is done in established order upon producing a receipt confirming residency payment for a period of time stated in the visa.

BELARUS AND BOLIVIA

have established diplomatic relations at embassy level. The Ministry of Foreign Affairs of Belarus and the Bolivian Embassy in Russia has exchanged diplomatic notes.

41,000 NEWLY-BORN BABIES LESS

than in 1985 had Belarus last year. The mortality rate exceeded the birth rate. Thus it might be said that the Belarusian nation is "dying out".

THE AMBASSADOR OF NEW ZEALAND RICHARD WOODS

has been given accreditation by the deputy head of the Belarusian parliament Viatcheslav Kousnetzov on April 26.

AN AGREEMENT ON FRIENDSHIP AND COOPERATION

has been signed between Brest, Belarus and Brest, France.

THE WORLD CONGRESS

of young Belarusians has taken place in Minsk. Delegates from the CIS and elsewhere have discussed the outlooks for the global youth movement, tourism, business, local history and visited the ancient castle in Mir.

NUMBER OF PRIVATE FARMS

In Belarus has slightly increased from 2363 last March to 2753 early this March. The Vitebsk and Minsk regions have the biggest numbers of private farms - 718 and 650, respectively. Nearly all of them specialise in crop farming.

THE XIX CONGRESS OF BELARUSIAN AUTHORS

has been held in Minsk. The Belarusian authors have discussed the prospects of national revival and the no-less burning issue of how to prevent the already poor living standards of the creative intelligentsia from going down still further. In a statement to the Belarusian people, the decision on monetary union with Russia has been labled "a mistake".

THE FIRST EVER PATENT

in Belarus has been issued by the Belarusian Patent Bureau at the Academy of Science to A.Zavadko, G.Diesukievitch and G.Fadeyev, the inventors of a new gas purification machine. The N 1 trademark certificate has been received by the Gomei Factory of Bearings.

200 TONNES OF POTATOES FOR SALE

outside Belarus can be offered by Belarusian farms. The falling demand for Belarusian potatoes has produced a considerable potato surplus.

COMPENSATION PAYOUTS

by the German Fund of Reconciliation and Condonation to the ex-immates of the war-time Nazi concentration camps are due to start this May and will be carried out through local governments - the Executive Councils.

A PRESS CONFERENCE

to mark the arrival of the delegation from the German Red Cross Emergency Service has been held at the Belarusian Red Cross society. 600,000 DM is being paid annually to the Belarusian Red Cross to set up its own emergency service under the agreement with the German Red Cross.

A JOINT STATEMENT OF THE EDITORS

of four major Belarusian newspapers has described the Belarusian Press as 'on the brink of collapse'. The burgeoning costs of paper and printing have suspended the distribution of 'Narodnaya Gazeta', 'Zviazda', 'Sovetskaya Belorussiya' and 'Minskaya Pravda'.

AN ACT ON PROFESSIONAL MILITARY SERVICE

for enlisted servicemen in the Belarusian armed forces has been signed by the Belarusian Defence Minister, Pavel Kozlovsky. The act came into force on April 25.



The Park of International Friendship has been the venue for a public mourning held in Minsk to mark the eighth anniversary of the Chernobyl accident.

EXTRAORDINARY SESSION OF THE BELARUSIAN PARLIAMENT

Has made the necessary amendments to taxation and customs legislation to correspond with the treaty between Belarus and Russia on monetary union. All customs duties on trade between the two countries were to have been lifted from 1 May. The SuS also approved the Constitutional Court of Belarus as its final action of this legislative session.

AN ACT ON FOREIGN INSPECTIONS IN BELARUS

has been issued by the Government. Under the act, the central and local authorities with prior notification of the Arms Control Board at the Ministry of Defence are legally obliged to grant access to foreign inspections and escort groups to sites liable to inspections under the arms control agreement.

Information compiled from Belarusian newspaper and information agency sources.

THE MINSK CITY EXECUTIVE COMMITTEE

has approved a registration procedure for inviting residents from other cities to Minsk for work. Taking into consideration the expenses of social infrastructure development for economic facilities, the procedure envisages fees in the amount of 200 minimum wages per each travelling employee to be paid by the entities who invite him to Minsk for work and residency. 10% from the minimum wage are charged a day for each outside individual over 18 years old currently residing in Minsk. This has been introduced to reimburse the ex-



At the Londa spring festival of hairstyles, German and Belarusian hairdressers and fashion designers did wonders in front of their spectators.

Minsk Economic News

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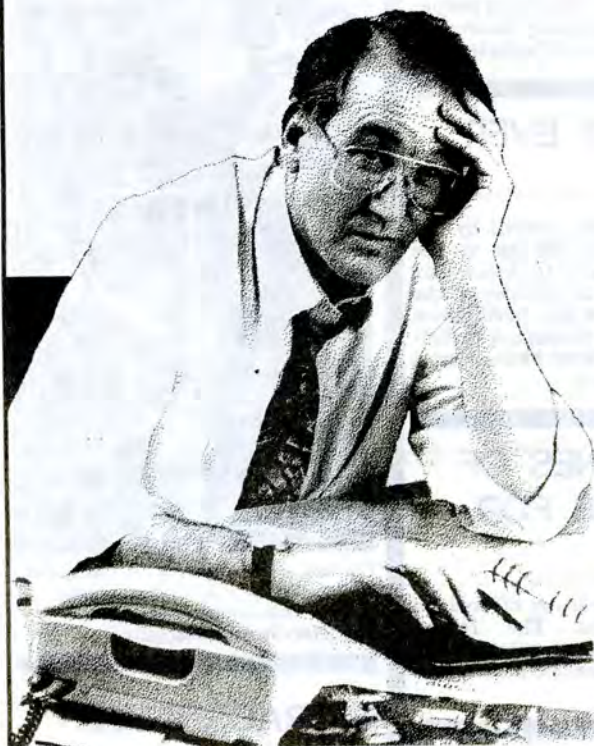
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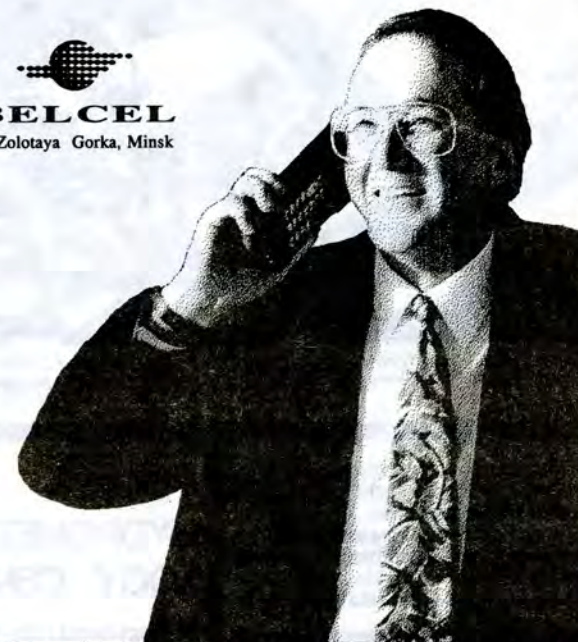
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May 4. Khachaturyan - Spartacus
May 5. Verdi - Traviata
May 6. Chaikovsky - Swan Lake
May 7. Old Romance Evening
May 8. Alexander Budko - Peter Pan (matinee) Mincus
- Don Quixote (soiree)
May 11. Prokofiev - Romeo and Juliette
May 12. Young Voices Concert
May 13. Chaikovsky - Nut Cracker
May 14. Rossini - The Barber of Seville
May 15. Alexander Budko - Peter Pan (matinee) Adan -
Corsar (soiree)
May 17. Mincus - Shadows Ravel - Bolero Bizze-Schedrin -
Carmen-Svite
May 18. Levenscoid - Silphida
May 19. Rossini - The Barber of Seville
May 20. Chaikovsky - Swan Lake
May 21. Verdi - Traviata
May 22. Cui - Pussy-Cat in the boots (matinee) Chaikovsky -
Nut Cracker (soiree)
May 24. Verdi - Traviata
May 25. Petrov - Creation of Universe
May 26. Rossini - The Barber of Seville
May 27. Chaikovsky - Sleeping Beauty
May 28. Chaikovsky's Romance Evening - At Noisy Ball
May 29. Pleshak - Beware of the Witch (matinee) Prokofiev -
Romeo and Juliette
May 31. Concert of the Belarusian State
Choreography School

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Minsk-Zurich	3,7	10.30	12.15	B2 869
Zurich-Minsk	3,7	13.15	17.00	B2 870
Minsk-Berlin	1,3,5	10.00	10.50	B2 891
Berlin-Minsk	1,3,5	11.50	14.35	B2 892
Minsk-Frankfurt	1,3	12.10	14.00	B2 893
Minsk-Frankfurt	5	11.45	13.35	B2 893
Frankfurt-Minsk	1,3	14.55	18.40	B2 894
Frankfurt-Minsk	5	14.35	18.20	B2 894
Minsk-Warsaw	2,6	12.30	12.50	B2 895
Minsk-Warsaw	3	11.00	11.20	B2 895
Warsaw-Minsk	2,6	13.50	16.10	B2 896
Warsaw-Minsk	3	12.20	14.40	B2 896
Minsk-Shannon	1,5	07.05	09.00	B2 897
Shannon-New-York	1,5	14.00	16.00	E1105
New-York-Shannon	6,4	18.45	08.45	E1104
Shannon-Minsk	1,5	10.30	16.00	B2 898
Minsk-Tel-Aviv	4,7	10.00	13.50	B2 1447
Tel-Aviv-Minsk	4,7	15.00	19.00	B2 1448

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Galleries in May

"Arch"

May 1-14. Exhibition of "Arch"
Gallery Painters
From May 14 - Ruslan Vashkevich (painting, sculpture)
Tel.: 39-15-98

"At Maxim's"

From May 4 - "Minsk on old postcards" Exhibition. From Vyachka Telesh's collection (Riga)
Tel.: 34-42-69

"Medeya"

May 13 - June 13 - Oleg Orlov (mystic painting)
Tel.: 27-78-68

State Art Gallery

May 5-29 - Valery Zholtak, Alena Los (painting, graphics)
May 5-29 - Children's Creativity Works Exhibition dedicated to the day of Efrosiny Polotskaya
Tel.: 33-02-38, 33-05-49

National Art Museum

Until May 23 - Ludmila Myagkova (art stained glass) and Ales Ksendzov (painting)

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NOVADOM

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